(a) whether it is a fact that due to net withdrawal of $3232 million (Rs. 12,928 crores) during January, 2008, resulted in crash of stock market;

(b) whether it is advisable to leave the fate of Indian stock market and of small investors in the hands of a few Foreign Institutional Investors (FIIs); and

(c) the measures taken by Government to keep control on FII investors in stock market as is done in many countries including China?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The Securities and Exchange Board of India (SEBI) has informed that during the month of January 2008 FIIs were net sellers of Rs. 6268.96 crores at BSE and Rs. 23650.91 crores at NSE. During the month of January 2008 Domestic Institutional Investors (DIIs) were net buyers of Rs. 3494.45 crores at BSE and Rs. 15195.06 crores at NSE.

The movement in stock market indices is a function of perception of the economy or a sector or an index stock. Movements of stock market also depend on economic factors, domestic and international events, market sentiments, level of floating stock available, corporate performance and future economic growth. It is difficult to attribute a fall in the markets to any particular factor.

(b) Investment in equity market is subject to market risk. Investors whether small or big, have to take informed investment decisions based on their own understanding of the market.

(c) Foreign Institutional Investors (FIIs) are allowed to participate in the Indian stock markets. The Government, Reserve Bank of India and SEBI have framed a policy for such participation and have put adequate safeguards in place to guard against any possible misuse of this avenue of investment. The policy is reviewed continuously taking into account inputs/ concerns received from various sources. For example, recently, certain restrictions were placed on the use of Participatory Notes (PNs) route of investment by FIIs.

Parking of funds in holding companies

3032. SHRI GIREESH KUMAR SANGHI:
SHRI JESUDASU SEELAM:

Will the Minister of FINANCE be pleased to state:

(a) whether the Centre is likely to allow foreign corporations to park funds in holding companies to ease the flow of funds into the country and in addition, holding companies will also be allowed to invest in various downstream ventures without prior permission, as long as the investment falls within the specified sectoral cap; and

(b) if so, by when a final decision in this regard is likely to be considered?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The information is being collected and will be laid on the Table of the House.

Foreign Exchange Reserve

3033. SHRI SITARAM YECHURY: Will the Minister of FINANCE be pleased to state:

(a) the details of foreign exchange reserve over the last three financial years;